

Question No: 1 (Marks: 1) - Please choose one

Wages outstanding given in the trial balance will be treated as a (an):

- ▶ Asset
- ▶ **Liability**
- ▶ Revenue
- ▶ Deferred expense

Question No: 2 (Marks: 1) - Please choose one

Prepaid interest given in the Trial Balance will be treated as a (an):

- ▶ **Asset**
- ▶ Liability
- ▶ Revenue
- ▶ Deferred expense

Question No: 3 (Marks: 1) - Please choose one

If company has distributable profit is Rs. 4, 90,000. Profit sharing share ratio of Mr. A, Mr. B and Mr. C is 2:3:5 respectively what will be the Profit share for Mr. C in distributable profit.

- ▶ Rs. 98,000
- ▶ Rs. 1, 47,000
- ▶ **Rs. 2, 45,000**
- ▶ Rs. 3, 43,000

Question No: 4 (Marks: 1) - Please choose one

If the Capitals of partners are fixed then, at the end of financial year a partner's drawings are transferred to the:

- ▶ Credit side of the partner's capital account
- ▶ Credit side of the partner's current account
- ▶ Debit side of partnership bank account
- ▶ **Debit side of the partner's current account**

Question No: 5 (Marks: 1) - Please choose one

If company has distributable profit of Rs. 490,000, Profit sharing share ratio of Mr. A, Mr. B and Mr. C is 2:3:5 respectively. What will be the share of profit for Mr. A in distributable profit?

- ▶ **Rs. 98,000**
- ▶ Rs. 147,000
- ▶ Rs. 245,000
- ▶ Rs. 343,000

Question No: 6 (Marks: 1) - Please choose one

In which situation(s) Partnership is dissolved?

- ▶ In case of death of partner
- ▶ At the admission of new partner
- ▶ If any partner resigned from partnership
- ▶ **All of the given options**

Question No: 7 (Marks: 1) - Please choose one

In calculating earning per share (EPS), the net profit is divided by which of the following?

- ▶ **Number of ordinary shares**
- ▶ Number of preference shares
- ▶ Paid up capital
- ▶ Authorized capital

Question No: 8 (Marks: 1) - Please choose one

Which of the following statement is **NOT TRUE** about the limited company form of business?

- ▶ The limited company form of business allows ownership of the business to be spread amongst many people
- ▶ Shareholders can appoint professionals
- ▶ **Shareholders are personally liable for all the liabilities incurred by the business**
- ▶ Regular filing of information about the affairs of the company is a legal requirement

Question No: 9 (Marks: 1) - Please choose one

A private limited company can commence its business:

- ▶ Immediately on receiving a certificate of incorporation
- ▶ Without receiving a certificate of incorporation
- ▶ Only when it receives certificate of commencement of business
- ▶ **Only when it receives both, the certificate of incorporation as well as certificate of commencement of business**

Question No: 10 (Marks: 1) - Please choose one

An example of financing activities in the context of cash flow statement is:

- ▶ Capital expenditures on purchase of fixed assets
- ▶ Long-term deposit
- ▶ **Financial charges paid**
- ▶ Dividend paid

Question No: 11 (Marks: 1) - Please choose one

A firm may earn profit during an accounting period but have less money in the bank at the end of the period than it had at the beginning. Which of the followings, on its own, could explain this?

- ▶ Not paying invoices received from creditors
- ▶ The sale of fixed assets during the period
- ▶ **An increase in trade debtors over the course of the period**
- ▶ An increase in the depreciation charge relative to the previous accounting period

Question No: 12 (Marks: 1) - Please choose one

The primary purpose of preparing a cash flow statement for an entity is to provide information about:

- ▶ Its financial position at the end of an accounting period
- ▶ Its cash receipts and cash payments during an accounting period
- ▶ Its financial position at the start of an accounting period
- ▶ **None of the given options**

Question No: 13 (Marks: 1) - Please choose one

Which of the following option(s) is **TRUE** about the Sales returns?

- ▶ Sales returns reduce the Gross sales of the firm
- ▶ Sales returns affect the Net income of the firm
- ▶ Sales returns affect the flow of cash
- ▶ **All of the given options**

Question No: 14 (Marks: 1) - Please choose one

The persons who sign articles and memorandum of the company and contribute in the initial share capital of the company are called:

- ▶ **Subscribers**
- ▶ Shareholders
- ▶ Managers
- ▶ Directors

Question No: 15 (Marks: 1) - Please choose one

The charter of a company which defines the limitations and powers of the company is called:

- ▶ **The memorandum of association**
- ▶ Articles of association
- ▶ Statutory report
- ▶ Certificate of commencement

Question No: 16 (Marks: 1) - Please choose one

Which of the following can offer its share to general public at large?

- ▶ A private limited company
- ▶ **A listed company**
- ▶ A partnership firm
- ▶ A trust

Question No: 17 (Marks: 1) - Please choose one

Which of the following are the owners of a company?

- ▶ Proprietors
- ▶ Partners
- ▶ **Shareholders**
- ▶ Managers

Question No: 18 (Marks: 1) - Please choose one

Current accounts of the partners should be opened when the capitals are:

- ▶ Normal
- ▶ Floating
- ▶ **Fixed**
- ▶ Fluctuating

Question No: 19 (Marks: 1) - Please choose one

Rent receivable (given in trial balance) is an item of _____.

- ▶ **Balance Sheet**
- ▶ Profit & Loss Account
- ▶ Trading Account
- ▶ Both Balance Sheet and Profit & Loss Account

Question No: 20 (Marks: 1) - Please choose one

When closing stock is given in trial balance, then it will effect:

- ▶ Trading account only
- ▶ Balance sheet only
- ▶ Owner's equity only
- ▶ **Both Trading account and Balance sheet**

Question No: 21 (Marks: 1) - Please choose one

Which of the following account is affected from the Drawings of cash in sole-proprietorship business?

- ▶ **Capital account**
- ▶ Shareholder account
- ▶ Liability account
- ▶ Expense account

Question No: 22 (Marks: 1) - Please choose one

An asset is considered to be a current asset if:

- ▶ It has been bought recently and was bought new and not used
- ▶ **It can be realized in cash or sold or consumed in the business within one year**
- ▶ It is a piece of new machinery that is expected to last for at least ten years
- ▶ All of the given options

Question No: 23 (Marks: 1) - Please choose one

General office expenses are charged to which of the following head:

- ▶ **Administrative expenses**
- ▶ Marketing expenses
- ▶ Selling expenses
- ▶ Financial expenses

Question No: 24 (Marks: 1) - Please choose one

Which of the following would **NOT** be considered as a component of 'cost' of stock?

- ▶ **Salaries of selling staff**
- ▶ Transportation inward costs
- ▶ Import duties
- ▶ Purchase price

Question No: 25 (Marks: 1) - Please choose one

A financial statement that indicates the success or failure of a business, over a period of time is called:

- ▶ A cash flow statement
- ▶ A retained earnings statement
- ▶ **An income statement**
- ▶ A balance sheet

Question No: 26 (Marks: 1) - Please choose one

Which of the following is **NOT** correct about income tax?

- ▶ Different companies pay tax on different rates
- ▶ **It is treated as an expense and debited in Profit & Loss account**

- ▶ When financial statements are prepared, an estimate of expected tax liability is made
- ▶ It is treated as an expense and credited in Profit & Loss account

Question No: 27 (Marks: 1) - Please choose one

Following information are extracted from books of Mr. XYZ

Particulars	Rs.
Closing value of stock	40,000
Write off Bad debts (given in adjustments)	2,400
Sundry Debtors (given in trial balance)	33,200
Provision is created on Debtors at 10%	

Identify the Total amount deducted from Sundry debtors.

- ▶ Rs. 460
- ▶ **Rs. 2,400**
- ▶ Rs. 3,080
- ▶ Rs. 5,480

Question No: 28 (Marks: 1) - Please choose one

If (Amount of new provision + Amount of bad debts) < Amount of old provision then amount will be shown on:

- ▶ Debit side of P & L account
- ▶ **Credit side of P & L account**
- ▶ Asset side of Balance Sheet
- ▶ Liability side of Balance Sheet

Question No: 29 (Marks: 1) - Please choose one

Which of the following rectifying entry will be recorded, if sales to Mr. "A" of Rs.336 have been debited to Mr. "B" account?

- ▶ **A's account (Dr.) and B's account (Cr.)**
- ▶ B's account (Dr.) and A's account (Cr.)
- ▶ Sales account (Dr.) and B's account (cr.)
- ▶ B's account (Dr.) and Sales account (Cr.)

Question No: 30 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of sales Rs.100 to Mr. "A" recorded in the purchases book?

- ▶ Sales account
- ▶ Purchase account
- ▶ A's account and Sales account
- ▶ **Sales account, purchase account and A's account**

Question No: 31 (Marks: 1) - Please choose one

Which of the following is shown on credit side of creditors control account?

- ▶ **Bills Receivable**
- ▶ Return inwards
- ▶ Credit purchases
- ▶ Discount allowed

Question No: 32 (Marks: 1) - Please choose one

Sales are calculated by adding:

- ▶ Cash sales and cash received from debtors
- ▶ Credit sales and cash received from debtors
- ▶ **Cash sales and credit sales**
- ▶ Cash sales and credit purchases

Question No: 33 (Marks: 1) - Please choose one

Which of the following is **NOT** based on the concept of double entry book keeping system?

- ▶ **Subsidiary Ledgers**
- ▶ Creditors Control Accounts
- ▶ Debtors Control Accounts
- ▶ All of the given options

Question No: 34 (Marks: 1) - Please choose one

If Bad Debts written off are given in adjustment, then which of the following entry for bad debts written off is **CORRECT**?

- ▶ Bad debts a/c (Dr) and Trading a/c (Cr)
- ▶ **Provision for Bad and Doubtful debts a/c (Dr) and Bad debts a/c (Cr)**
- ▶ Bad debts a/c (Dr) and debtors a/c (Cr)
- ▶ Trading a/c (Dr) and Bad debts a/c (Cr)

Question No: 35 (Marks: 1) - Please choose one

Consider the following data:

Provision created in 2006	Rs. 2,500
Bad debts in 2007	Rs. 1,500
Sundry debtors on 31-12- 2007 were Rs. 40,000 and provision is created @ 5%.	
Which journal entry is Correct for the provision for doubtful debts for the year 2007.	

- ▶ Provision for doubtful debts a/c Rs. 1,000 (Dr) & Profit & Loss a/c Rs. 1,000 (Cr)

- ▶ Profit & Loss a/c Rs. 2,000 (Dr) & Provision for doubtful debts a/c Rs. 2,000 (Cr)
- ▶ Provision for doubtful debts a/c Rs. 2,000 (Dr) & Profit & Loss a/c Rs. 2,000 (Cr)
- ▶ **Profit & Loss a/c Rs. 1,000 (Dr) & Provision for doubtful debts a/c Rs. 1,000 (Cr)**

Question No: 36 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	4,00,000
Cost of machine purchased during the year	50,000
Depreciation during the year	20,000
closing written down value (WDV) of the Machines	?

- ▶ **Rs. 4, 30,000**
- ▶ Rs. 4, 50,000
- ▶ Rs. 4, 70,000
- ▶ Rs. 70,000

Question No: 37 (Marks: 1) - Please choose one

In accounting accumulated depreciation is:

- ▶ Treated as a reserve
- ▶ **Treated as a contra asset**
- ▶ Treated as a surplus
- ▶ Treated as an expense

Question No: 38 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs. 22,500
Debtors	Rs. 500
Total Assets	Rs. 80, 385
Accounts payable	Rs. 1,000
Total liabilities	Rs. 20,000

- ▶ Rs. 60,385 owner's equity
- ▶ **Rs. 61,385 owner's equity**
- ▶ Rs. 99,885 owner's equity
- ▶ Rs. 99,385 owner's equity

Question No: 39 (Marks: 1) - Please choose one

Stock of Trading concern consists of:

- ▶ Raw material

- ▶ Work in process
- ▶ **Merchandise inventory**
- ▶ All of the given options

Question No: 40 (Marks: 1) - Please choose one

Consider the following inventory record:

Date	Item	Quantity	Cost/Unit	Total
2007 Jan. 2	Opening inventory	100	Rs.18.00	Rs.1,800
Mar. 4	Purchase	400	19.00	7,600
May 8	Purchase	800	20.00	16,000
Nov. 3	Purchase	500	21.00	10,500

Four hundred units are unsold, Use the FIFO method of inventory costing and determine the value assigned to the 400 units on hand at the end of the period.

- ▶ Rs.7, 500
- ▶ Rs.7, 978
- ▶ Rs.8, 000
- ▶ **Rs.8, 400**

Question No: 41 (Marks: 1) - Please choose one

Particulars	Rs.
Opening stock of raw material	100,000
Closing stock of raw material	85,000
Purchases of raw material during the period	200, 000
Cost of Material Consumed	?

- ▶ Rs. 205,000
- ▶ **Rs. 215,000**
- ▶ Rs. 220,000
- ▶ Rs. 225,000

Question No: 42 (Marks: 1) - Please choose one

In cost of goods sold statement the 'cost of goods manufactured' is equal to:

- ▶ Total factory cost + Opening work in process + Ending work in process
- ▶ **Total factory cost + Opening work in process – Ending work in process**
- ▶ Total factory cost - Opening work in process + Ending work in process
- ▶ Ending work in process + Total factory cost – Opening work in process

Question No: 43 (Marks: 1) - Please choose one

What would be the value of total factory cost, if the cost of material consumed during the month is Rs. 6,000, labor cost incurred is Rs. 2,000 and the factory over head cost is Rs. 2,500?

- ▶ Rs. 6,000
- ▶ Rs. 8,000
- ▶ Rs. 4,500
- ▶ **Rs. 10,500**

Question No: 44 (Marks: 1) - Please choose one

Which of the following item appears in Trading Account of a business?

- ▶ Interest expenses
- ▶ **Wages and salaries**
- ▶ Depreciation expenses
- ▶ Discount Allowed

Question No: 45 (Marks: 1) - Please choose one

If the cost of sales is Rs. 60,000, sales are Rs. 95,000 and operating expenses are Rs. 20,000 during the year, what would be the value of Gross Profit?

- ▶ Rs. 15,000
- ▶ **Rs. 35,000**
- ▶ Rs. 55,000
- ▶ Rs. 60,000

Question No: 46 (Marks: 1) - Please choose one

Identify that which of the following particular(s) would **NOT** be shown in the format of a Cash Book?

- (1) Cheque number
- (2) Date of transaction
- (3) Amount of transaction

- ▶ **(1) only**
- ▶ (1) & (2) only
- ▶ (1) & (3) only
- ▶ (2) & (3) only

Question No: 47 (Marks: 1) - Please choose one

The process of transferring journal entry information to the ledger is called:

- ▶ **Journalizing**

- ▶ **Posting**
- ▶ Balancing
- ▶ Analyzing

Question No: 48 (Marks: 1) - Please choose one

Which one of the following is a type of General Ledger?

- ▶ Book of original entry
- ▶ **'T' Account**
- ▶ Source document
- ▶ Day book

Question No: 1 (Marks: 1) - Please choose one

Debenture is also named as:

- ▶ Share
- ▶ Bond
- ▶ **Equity**
- ▶ Reserve

Question No: 2 (Marks: 1) - Please choose one

What types of changes (is) are made at the admission of partner in partnership?

- ▶ Assets of old business will be revalued
- ▶ Liabilities of old business will be revalued
- ▶ Good will of business will be revalued
- ▶ **All of the given options**

Question No: 3 (Marks: 1) - Please choose one

The balance sheet reported a beginning balance of Rs. 20,000 in Accounts Receivable and an ending balance of Rs. 15,000. Credit Sales of Rs. 200,000 were made during the year. Using this information, compute cash collected from customers.

- ▶ Rs. 215,000
- ▶ **Rs. 195,000**
- ▶ Rs. 200,000
- ▶ Rs. 205,000

Question No: 4 (Marks: 1) - Please choose one

In cash flow statements, which of the following would appear as an inflow of cash?

- ▶ The repayments of a bank loan
- ▶ **Dividend issue in the current year**
- ▶ Money received as result of selling fixed assets
- ▶ The difference between the valuations of old and new fixed assets

Question No: 5 (Marks: 1) - Please choose one

Which of the following is **NOT** a cash inflow?

- ▶ **Purchase of fixed asset**

- ▶ Sale of fixed asset
- ▶ Issue of debentures
- ▶ Cash from business operation

Question No: 6 (Marks: 1) - Please choose one

What are the effects on financial statements, if Rs. 6,000 transfer to general reserve is given in adjustment?

- ▶ It will be treated in Income Statement only
- ▶ It will be treated as current liability in balance sheet only
- ▶ It will be treated in profit and loss appropriation account only
- ▶ **it will be treated in both profit and loss appropriation account and in the balance sheet**

Question No: 7 (Marks: 1) - Please choose one

Which of the following is the most important document of the company?

- ▶ Memorandum of Association
- ▶ Articles of Association
- ▶ Prospectus
- ▶ **Annual Report**

Question No: 8 (Marks: 1) - Please choose one

Which of the following document(s) define the relation of company with outside world?

- ▶ Memorandum of Association
- ▶ Articles of Association
- ▶ Prospectus
- ▶ **Statutory Declaration**

Question No: 9 (Marks: 1) - Please choose one

The income statement of the Limited company is also known as:

- ▶ Manufacturing account
- ▶ **Profit and Loss account**
- ▶ Profit and Loss Appropriation account
- ▶ Current Account

Question No: 10 (Marks: 1) - Please choose one

In which of the following auditor's remuneration payable is shown?

- ▶ In balance sheet under the head of current liabilities only
- ▶ In balance sheet under the head of current assets only
- ▶ In income statement under the administrative expense only
- ▶ **In both balance sheet under the head of current liabilities and income statement under the administrative expense**

Question No: 11 (Marks: 1) - Please choose one

The charter of a company which defines the limitations and powers of the company is called:

- ▶ The memorandum of association
- ▶ **Articles of association**
- ▶ Statutory report
- ▶ Certificate of commencement

Question No: 12 (Marks: 1) - Please choose one

Which of the following represents the partnership agreement in writing?

- ▶ Partnership registration
- ▶ **Partnership-at-will**
- ▶ Partnership deed
- ▶ Partnership certification

Question No: 13 (Marks: 1) - Please choose one

Which of the following represents the relationship between persons who have agreed to share the profit of business carried on by all or any of them acting for all?

- ▶ Sole-ownership
- ▶ Private limited company
- ▶ Public limited company
- ▶ **Partnership**

Question No: 14 (Marks: 1) - Please choose one

Which of the following statement is **TRUE** about the Accounts receivable?

- ▶ **Accounts receivable arises when a company buys goods or services from another party on credit**
- ▶ Accounts receivable is a miscellaneous category that may include loans to employees
- ▶ Accounts receivable are more formal than notes receivable
- ▶ Accounts receivable are often called trade receivables

Question No: 15 (Marks: 1) - Please choose one

Which one of the following is **TRUE** about provisions?

- ▶ It is necessary to prepare for showing true picture of balance sheet
- ▶ It is a reduction from assets
- ▶ It is prepared for specific purposes
- ▶ **All of the given options**

Question No: 16 (Marks: 1) - Please choose one

Which financial statement show what a business owes at a particular point in time?

- ▶ A cash flow statement
- ▶ The bank statement for the business

- ▶ A balance sheet
- ▶ **A statement of retained earnings**

Question No: 17 (Marks: 1) - Please choose one

Which of the following is an example of operating expense?

- ▶ **Purchasing operating equipment**
- ▶ Purchasing cleaning services
- ▶ Purchasing an investment in another company
- ▶ Purchasing a computer for the accounting office

Question No: 18 (Marks: 1) - Please choose one

Short-term investments include all of the following **EXCEPT**:

- ▶ A bond receivable intended to be sold within one year
- ▶ Frequently traded securities
- ▶ A stock investment in the General Electric Company intended to be sold within one year
- ▶ **A shares investment in the Coca-Cola Company intended to be held for several years**

Question No: 19 (Marks: 1) - Please choose one

The figure of cash received from debtors can be located either from cash book or:

- ▶ **Debtor's Control Account**
- ▶ Balance Sheet
- ▶ Profit & Loss Account
- ▶ Bills Payable Account

Question No: 20 (Marks: 1) - Please choose one

Following information are extracted from books of Mr. XYZ

Particulars	Rs.
Closing value of stock	40,000
Write off Bad debts (given in adjustments)	2,400
Sundry Debtors (given in trial balance)	33,200
Provision is created on Debtors at 10%	

Identify the Total amount deducted from Sundry debtors.

- ▶ Rs. 460
- ▶ **Rs. 2,400**
- ▶ Rs. 3,080
- ▶ Rs. 5,480

Question No: 21 (Marks: 1) - Please choose one

Consider the following data and identify the amount which will be deducted from Sundry Debtors in Balance Sheet.

Particulars	Rs.
Bad debts (from trial balance)	1,600
Provision for doubtful debts (old)	2,000
Current year's provision (new)	1,000

- ▶ Rs. 600
- ▶ Rs. 1,000
- ▶ Rs. 2,000
- ▶ **Rs. 2,600**

Question No: 22 (Marks: 1) - Please choose one

Which of the following entry will be recorded, if a cheque deposited is dishonored by bank?

- ▶ Bank Account (Dr.) and Debtor's Account (Cr.)
- ▶ Debtor's Account (Dr.) and Bank Account (Cr.)
- ▶ **Dishonored Cheque Account (Dr.) and Bank Account (Cr.)**
- ▶ Creditor's Account (Dr.) and Bank Account (Cr.)

Question No: 23 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of an amount Rs.200 received from Mr."P" wrongly credited to Mr."Q's" account?

- ▶ **Both of Mr. P's & Mr.Q's Account**
- ▶ Only Cash Account
- ▶ Only P's account
- ▶ Only Q's account

Question No: 24 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of sales Rs.100 to Mr. "A" recorded in the purchases book?

- ▶ Sales account
- ▶ Purchase account
- ▶ A's account and Sales account
- ▶ **Sales account, purchase account and A's account**

Question No: 25 (Marks: 1) - Please choose one

"Goods sold to Mr. Salman for Rs. 6,000 have been forgotten to enter in books of accounts", is an example of:

- ▶ Error of principle
- ▶ **Error of omission**
- ▶ Error of commission
- ▶ Error of original entry

Question No: 26 (Marks: 1) - Please choose one

Transaction that has been completely forgotten to enter is called:

- ▶ Error of principle
- ▶ **Error of omission**
- ▶ Error of commission
- ▶ Error of original entry

Question No: 27 (Marks: 1) - Please choose one

Which of the following is (are) included in Creditors Control Account?

- ▶ Discount received from supplier
- ▶ Credit purchases
- ▶ Bills payable
- ▶ **All of the given options**

Question No: 28 (Marks: 1) - Please choose one

Which of the following is **NOT** included in Debtors Control Account?

- ▶ **Cash sales**
- ▶ Credit sales
- ▶ Bills receivable
- ▶ Discount allowed

Question No: 29 (Marks: 1) - Please choose one

Which of the following subsidiary book(s) is (are) maintained for debtors control account?

- ▶ Sales Day Book
- ▶ Sales Return
- ▶ **Debtors Ledger**
- ▶ All of the given options

Question No: 30 (Marks: 1) - Please choose one

Which of the following is **NOT** based on the concept of double entry book keeping system?

- ▶ Subsidiary Ledgers
- ▶ Creditors Control Accounts
- ▶ Debtors Control Accounts
- ▶ **All of the given options**

Question No: 31 (Marks: 1) - Please choose one

Which of the following entry will be recorded when the Bad Debts are recovered?

- ▶ Cash account (Dr.) & Bad Debts recovered account (Cr.)
- ▶ **Accounts Receivable account (Dr.) & Bad Debts recovered account (Cr.)**
- ▶ Bad debts recovered account (Dr.) and Profit & Loss account (Cr.)
- ▶ Provision for doubtful debts account (Dr.) & Cash account (Cr.)

Question No: 32 (Marks: 1) - Please choose one

In which of the following condition(s) **DEBT** is regarded as **BAD**.

- ▶ Bankruptcy of the debtor
- ▶ Disappearance of debtor's business
- ▶ Failure of repeated attempt to collect the debt
- ▶ **All of the given options**

Question No: 33 (Marks: 1) - Please choose one

Which of the following is **CORRECT** for Doubtful Debt?

- ▶ It is shown in balance sheet
- ▶ It is a definite loss to the business
- ▶ It is not shown in balance sheet
- ▶ **No provision is necessary for it**

Question No: 34 (Marks: 1) - Please choose one

The following balance and discrepancies were found on 31 March 2008:

Particulars	Rs.
Cash book balance (Dr)	5 000
Unpresented cheques	1 000
Uncredited cheques	500

The Bank Statement balance on 31 March 2008 should be:

- ▶ Rs. 5 500 (Dr)
- ▶ Rs. 5 500 (Cr)
- ▶ **Rs. 4 500 (Dr)**
- ▶ Rs. 4 500 (Cr)

Question No: 35 (Marks: 1) - Please choose one

A Bank Reconciliation Statement is prepared to:

- ▶ Ascertain that the difference between the Cash Book balance and the Bank Statement balance has been accounted for
- ▶ **Correct errors in the Cash Book or errors in the Bank Statement**
- ▶ Amend the balance of the Bank Statement of the firm
- ▶ Amend the balance in the Cash Book of the firm

Question No: 36 (Marks: 1) - Please choose one

Which of the following is **CORRECT** regarding depreciation?

► **It is a systematic allocation of depreciable amount of an asset over its estimated useful life**

- It refers to the end life of an asset
- It refers to the increase in value of asset
- It is another name of Impairment

Question No: 37 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs.1, 00, 000
Debtors	Rs.10, 000
Other Assets	Rs. 1,000
Owner's equity	Rs. 1, 000

- Rs. 12,000 liabilities
- Rs. 11,000 liabilities
- **Rs. 1, 10,000 liabilities**
- Rs. 1, 11,000 liabilities

Question No: 38 (Marks: 1) - Please choose one

Which of the following essentials will be shown in the format of Cash Book?

- (1) Ledger code
- (2) Amount of Receipt
- (3) Amount of payment

- (1) only
- (1) & (2) only
- (1) & (3) only
- **(1), (2) & (3)**

Question No: 39 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- ▶ Rs.260
- ▶ Rs.232
- ▶ Rs.284
- ▶ **Rs.320**

Question No: 40 (Marks: 1) - Please choose one

In cost of goods sold statement, the 'cost of material consumed' is equal to:

- ▶ **Opening raw material inventory + Purchases – Ending raw material inventory**
- ▶ Opening raw material inventory - Purchases + Ending raw material inventory
- ▶ Ending raw material inventory + Opening raw material inventory - Purchases
- ▶ Ending raw material inventory + Opening raw material inventory + Purchases

Question No: 41 (Marks: 1) - Please choose one

Following are the inventories of Manufacturing Concern **EXCEPT**:

- ▶ Raw material
- ▶ Work in process
- ▶ Finished goods
- ▶ **Merchandise inventory**

Question No: 42 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for "Capital"?

- ▶ Liability
- ▶ **Owner's net worth**
- ▶ Working capital
- ▶ Asset

Question No: 43 (Marks: 1) - Please choose one

In which of the following condition a company will have positive working capital?

- ▶ If current assets > current liabilities
- ▶ If current Assets < current Liabilities
- ▶ **If current assets = current liabilities**
- ▶ If current assets \leq current liabilities

Question No: 44 (Marks: 1) - Please choose one

If salaries expense is Rs. 2,500, purchases are Rs. 16,000 and rent (office building) is Rs. 300 during the year, what would be the total of "general & administrative expenses"?

- ▶ Rs. 300
- ▶ Rs. 2,500
- ▶ Rs. 2,800
- ▶ **Rs.18, 800**

Question No: 45 (Marks: 1) - Please choose one

The amount brought by the proprietor in the business should be credited to:

- ▶ Cash account
- ▶ Capital account
- ▶ Drawings account
- ▶ **Proprietor account**

Question No: 46 (Marks: 1) - Please choose one

An asset on the balance sheet which is expected to be sold or used within one year is known as:

- ▶ Tangible asset
- ▶ **Current asset**
- ▶ Fixed asset
- ▶ Long term asset

Question No: 47 (Marks: 1) - Please choose one

Which one of the following is a type of General Ledger?

- ▶ Book of original entry
- ▶ **'T' Account**
- ▶ Source document
- ▶ Day book

Question No: 48 (Marks: 1) - Please choose one

According to the double entry system of book keeping, the investment of Rs.10, 000 in the business made by the owner will effect:

- ▶ **Cash & Capital Account**
- ▶ Cash & Expense Account
- ▶ Capital & Revenue Account
- ▶ Capital & Expense Account

Question No: 49 (Marks: 1) - Please choose one

Mr. "A" sold goods for Rs. 3, 00,000 to Mr. "B", Rs. 3, 00,000 will be treated as _____ for business.

- ▶ **Revenue**
- ▶ Net profit
- ▶ Gross profit

- ▶ Operating profit

Question No: 50 (Marks: 1) - Please choose one

when income exceeds expenses in a specific time period is known as:

- ▶ Savings
- ▶ **Net profit**
- ▶ Gross profit
- ▶ Operating profit

Question No: 1 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	3,00,000
Cost of machine purchased during the year	50,000
Depreciation during the year	9,000
closing written down value (WDV) of the Machine	?

ANS▶ Rs. 3, 41,000

- ▶ Rs. 3, 50,000
- ▶ Rs. 3, 59,000
- ▶ Rs. 59,000

Question No: 2 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	Rs. 2,00,000
Cost of new machine purchased during the year	Rs. 50,000
Depreciation during the year	Rs. 25,000
Closing written down value (WDV) of machines	?

ANS▶ Rs. 2, 25,000

- ▶ Rs. 2, 50,000
- ▶ Rs. 2, 75,000
- ▶ Rs. 75,000

Question No: 3 (Marks: 1) - Please choose one

Consider the following data:

Particulars	Rs.
Assets	1,98,000
Owner's equity	95,000
Liabilities	?

- ▶ Rs. 49,000
- ▶ Rs. 55,000
- ▶ Rs. 1, 25,000

ANS▶ Rs. 1, 03,000

Question No: 4 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs. 22,500
Debtors	Rs. 500
Total Assets	Rs. 80, 385
Accounts payable	Rs. 1,000
Total liabilities	Rs. 20,000

ANS ► Rs. 60,385 owner's equity

- Rs. 61,385 owner's equity
- Rs. 99,885 owner's equity
- Rs. 99,385 owner's equity

Question No: 5 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Furniture	Rs. 90,000
Cash	Rs. 1, 00, 000
Debtors	Rs. 10, 000
Other Assets	Rs. 1,000
Owner's equity	Rs. 90, 000

- Rs. 2, 01,000 liabilities

ANS► Rs. 1, 11, 000 liabilities

- Rs. 2, 90, 000 liabilities
- Rs. 2, 91, 000 liabilities

Question No: 6 (Marks: 1) - Please choose one

When the process of production is completed, all the costs must be charged to:

- Raw material account
- Work in process account

ANS► Finished goods account

- Merchandise account

Question No: 7 (Marks: 1) - Please choose one

Which of the following assets are shown at written down value in balance sheet?

- Current assets
- Liquid assets

ANS► Floating assets

- Fixed assets

Question No: 8 (Marks: 1) - Please choose one

Which of the following asset is **NOT** depreciated?

- ▶ Factory Buildings
- ▶ Office Equipment
- ▶ Plant & Machinery
- ANS ▶ Land

Question No: 9 (Marks: 1) - Please choose one

The main goal of Bank Reconciliation Statement is to determine:

- ▶ If the discrepancy is due to error rather than timing
- ▶ If the discrepancy is due to timing rather than error
- ANS ▶ If the discrepancy is due to error rather than amount
- ▶ If the discrepancy is due to amount rather than timing

Question No: 10 (Marks: 1) - Please choose one

Sale proceeds of goods are an example of:

- ANS ▶ Revenue expense
- ▶ Capital expense
- ▶ Capital receipt
- ▶ Revenue receipt

Question No: 11 (Marks: 1) - Please choose one

Which one of the following is **NOT** true about revenue expenditure?

- ▶ These are the running expenses of the business
- ▶ They improve the financial position of the business
- ▶ They reduce the profit of the concern
- ANS ▶ They do not appear in the balance sheet

Question No: 12 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- ▶ Rs.260
- ▶ Rs.232
- ▶ Rs.284
- ans ▶ Rs.320

Question No: 13 (Marks: 1) - Please choose one

Consider the following inventory record:

Date	Item	Quantity	Cost/Unit Rs.	Total Rs.
Jan. 2	Beginning inventory	10	10	100
Mar. 4	Purchase	35	11	385
May 8	Purchase	40	12	480
Nov. 3	Purchase	20	13	260
De31	Merchandise available	105		1,225

80 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- Rs. 1,225
- Rs. 1,015
- Rs. 965
- ans► Rs. 905

Question No: 14 (Marks: 1) - Please choose one

If, Cost of machine = Rs.400, 000

Useful life = 5 years

Rate of depreciation= 40%

The book value of machine after one years using diminishing balance method is ?

- Rs.86, 400
- Rs. 1, 44,000
- ans► Rs. 2, 40,000
- Rs. 51,840

Question No: 15 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	?

- Rs.25, 000
- ans► Rs. 75,000
- Rs. 15,000
- Rs. 1, 00,000

Question No: 16 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Written down value of asset on 5 th year	Rs.75,000
profit or loss on disposal of fixed assets	?

- ▶ Rs.25, 000 loss
- ▶ Rs. 75,000 loss
- ans▶ Rs. 15,000 profit
- ▶ Rs. 1, 00,000 profit

Question No: 17 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for the each year	Rs. 5,000
Sale price after 5 years	Rs.15,000
Written Down Value of Asset on 5 th year	Rs. 75,000
Profit or loss on disposal of fixed asset	?

- ▶ Rs. 60,000 loss
- ans▶ Rs. 75,000 profit
- ▶ Rs. 25,000 loss
- ▶ Rs. 1, 00,000 profit

Question No: 18 (Marks: 1) - Please choose one

The total of all costs incurred to convert raw material into finished goods is known as:

- ▶ Prime cost
- ▶ Conversion cost
- ▶ Sunk cost
- ans▶ Opportunity cost

Question No: 19 (Marks: 1) - Please choose one

Which of the following is an example of direct materials cost?

- ▶ Polish and finishing material for chair
- ans ▶ A piece of wood for the production of chair
- ▶ Production worker's wages
- ▶ Depreciation expenses

Question No: 20 (Marks: 1) - Please choose one

If the working capital and the current assets of company XYZ are Rs. 5,000 and Rs.15,000 respectively, calculate the current liabilities.

- ▶ Rs. 5,000
- ans ▶ Rs. 10,000
- ▶ Rs. 15,000
- ▶ Rs. 20,000

Question No: 21 (Marks: 1) - Please choose one

Which of the following item appears in Trading Account of a business?

- ▶ Interest expenses
- ▶ Wages and salaries
- ans ▶ Depreciation expenses
- ▶ Discount Allowed

Question No: 22 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for "Capital"?

- ▶ Liability
- ans ▶ Owner's net worth
- ▶ Working capital
- ▶ Asset

Question No: 23 (Marks: 1) - Please choose one

Which of the following financial statement **DO NOT** show the financial health of a business at a specific date?

- ans ▶ Profit and loss account
- ▶ Balance sheet
- ▶ Statement of financial position
- ▶ All of the given options

Question No: 24 (Marks: 1) - Please choose one

If cost of sales is Rs. 95,000, sales are Rs. 200,000 and operating expenses are Rs. 100,000. What will be the net result?

- ▶ Rs. 5,000 Loss
- ans▶ Rs. 5, 000 Profit
- ▶ Rs.1, 95,000 Profit
- ▶ Rs.1, 95,000 Loss

Question No: 25 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- ▶ Cash account
- ▶ Furniture account
- ▶ Vehicle account
- ans▶ All of the given options

Question No: 26 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

- ▶ Capital account
- ▶ Sundry creditors account
- ▶ Accounts payable account
- ans ▶ Cash account

Question No: 27 (Marks: 1) - Please choose one

Which of the following journal entry will be recorded, if the payment of furniture purchased is made through cheque?

- ans▶ Furniture account (Dr) and Bank account (Cr)
- ▶ Furniture account (Dr) and Profit & Loss account (Cr)
- ▶ Furniture account (Dr) and Cash account (Cr)
- ▶ Cash account (Dr) and Furniture account (Cr)

Question No: 28 (Marks: 1) - Please choose one

Which one of the following statement is **CORRECT** about Long term liabilities?

- ▶ These are due within one year
- ans▶ These are consist of all debts, payable after 12 months
- ▶ In working capital, these are deducted from current assets
- ▶ All of the given options

Question No: 29 (Marks: 1) - Please choose one

What type of expenses are paid out of Gross Profit?

- ans▶ Selling Expenses
- ▶ General Expenses

- ▶ Financial Expenses
- ▶ All of the given options

Question No: 30 (Marks: 1) - Please choose one

While making Income & Expenditure account, Excess of income over expenses in a specified accounting period is called:

- ▶ Deficit
- ans ▶ Surplus
- ▶ Profit
- ▶ Loss

Question No: 31 (Marks: 1) - Please choose one

Which one of the following is **NOT** prepared by Non profit organizations?

- ▶ Profit & Loss account
- ans ▶ Income & Expenditure account
- ▶ Receipts & Payments account
- ▶ Balance Sheet

Question No: 32 (Marks: 1) - Please choose one

Which of the following financial statement summarizes the profitability of an organization for a particular period?

- ▶ Trading and Profit & Loss account
- ▶ Cash Flow Statement
- ans ▶ Statement of Retained Earnings
- ▶ Balance Sheet

Question No: 33 (Marks: 1) - Please choose one

Which of the following period is known as a fiscal Year of the Government of Pakistan?

- ▶ 1st January to 31st December
- ▶ 1st June to 31st May
- ans ▶ 1st July to 30th June
- ▶ 1st October to 30th September

Question No: 34 (Marks: 1) - Please choose one

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

- ▶ Increase in cash and decrease in equity
- ▶ Increase in cash and increase in goods

- ans ► Increase in goods and decrease in cash
- Increase in equipment and increase in equity

Question No: 35 (Marks: 1) - Please choose one

Obligations to pay cash or un-earned incomes by the business are the:

- ans ► Assets
- Liabilities
- Equities
- Expenses

Question No: 36 (Marks: 1) - Please choose one

Commercial Accounting is based on:

- Single entry book keeping
- ans ► Double entry book keeping
- Both single and double entry book keeping
- Cash basis of book keeping

Question No: 37 (Marks: 1) - Please choose one

Word "Credit" is derived from _____ language.

- ans ► Latin
- English
- French
- Chinese

Question No: 38 (Marks: 1) - Please choose one

The basic accounting principle/concept according to which Business is independent from its owner(s) is known as:

- ans ► Separate Entity Concept
- Matching Concept
- Going Concern Concept
- Materiality Concept

Question No: 39 (Marks: 1) - Please choose one

Double entry accounting system includes:

- Accrual accounting only
- Cash accounting only
- ans ► Both cash and accrual accounting

- None of the given options

Question No: 40 (Marks: 1) - Please choose one

An accounting system is used by a business to:

- Analyze transactions
- Handle routine book-keeping tasks
- Structure information

ans ► All of the given options

1. If Accumulated profit brought forward has credit nature, what will be its treatment?

a. It will be added in net profit for the year

- b. It will be subtracted from the net profit for the year
- c. It will be deducted from current Assets
- d. It will be added in current assets

2. Fixed Assets at WDV + working capital =?

a. Total shareholders equity

b. Net capital employed

- c. Long term loan
- d. Current liability

3. Keeping in view the following data, what will be Net Cash Flow from Investing Activities?

Particulars Rs.

Purchases from short term borrowing 45,000

Purchases of marketable securities (65,000)

Proceeds from marketable securities 40,000

Loans made to borrowers (17,000)

Cash paid acquire plant assets (160,000)

Proceeds from sales of sales of plant Assets 75,000

Collection on loans 12,000

a. Rs. (115,000)

b. Rs. 100,000

c. Rs. 55,000

d. None of the given options

4. Keeping in view the following data, what will be Net cash provided by operating activities?

Particulars Rs.

Net income 65,000

Depreciation expenses 40,000

Decrease in accrued interest receivable 1,000

Increase in accounts payable 15,000

Increase in accrued liabilities 7,000

Non operating loss on sales of marketable securities 4,000

Increase in accounts receivable 30,000

Increase in inventory 10,000

Decrease in accrued liabilities 8,000

Increase in prepayments 3,000

Non operating gain on sales of plant assets 31,000

Net cash provided by operating activities ?

a. Rs. 115,000

b. Rs. 100,000

c. Rs. 50,000

d. None of the given options

5. Advances from customers are shown in which of the following heads in Balance Sheet?

a. Current Assets

b. Current liabilities

c. Fixed Assets

d. Long term liabilities

6. While preparing cash flow statements, the repayments of a loan during the

year should be included under the heading of:

a. Operating activities

b. Financing activities

c. Investing activities

d. None of the given options

7. Which of the following statement is also known as a source and use statements?

a. Income Statements

b. Statement of Cash Flows

c. Balance Sheet

d. Statement of Retained Earnings

8. Calculate depreciation for the year =?

Building at cost = Rs. 1, 00,000

Depreciation rate = 10%

a. Rs. 10,000

b. Rs. 1,000

c. Rs. 500

d. Rs. 0

9. Mr. A, Mr. B and Mr. C are three partners of a partnership firm. The profit sharing ratio is 2:3:5. If company has distributable profit of Rs. 4, 90,000, determine the profit of Mr. A.

a. Rs. 98,000

b. Rs. 1, 47,000

c. Rs. 2, 45,000

d. Rs. 3, 43,000

10. An example of financing activities in the context of cash flow statement is:

a. Fixed capital expenditure

b. Long-term deposit

c. Financial charges paid

d. Dividend paid

Question No: 1 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	3,00,000
Cost of machine purchased during the year	50,000
Depreciation during the year	9,000
Closing written down value (WDV) of the Machine	?

▶ **Rs. 3, 41,000**

▶ Rs. 3, 50,000

▶ Rs. 3, 59,000

▶ Rs. 59,000

Question No: 2 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	Rs. 2,00,000
Cost of new machine purchased during the year	Rs. 50,000
Depreciation during the year	Rs. 25,000
Closing written down value (WDV) of machines	?

- ▶ **Rs. 2, 25,000**
- ▶ Rs. 2, 50,000
- ▶ Rs. 2, 75,000
- ▶ Rs. 75,000

Question No: 3 (Marks: 1) - Please choose one

Consider the following data:

Particulars	Rs.
Assets	1,98,000
Owner's equity	95,000
Liabilities	?

- ▶ Rs. 49,000
- ▶ Rs. 55,000
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Total Assets	Rs. 80, 385
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- ▶ **Rs. 60,385 owner's equity**
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- ▶ Rs. 99,385 owner's equity

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Find out the missing value of an Accounting Equation with the help of given data:

Furniture	Rs. 90,000
Cash	Rs.1, 00, 000
Debtors	Rs.10, 000
Other Assets	Rs. 1,000
Owner's equity	Rs. 90, 000

- ▶ Rs. 2, 01,000 liabilities
- ▶ **Rs. 1, 11, 000 liabilities**

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- ▶ Rs. 2, 91, 000 liabilities

Question No: 6 (Marks: 1) - Please choose one

When the process of production is completed, all the costs must be charged to:

- ▶ Raw material account
- ▶ Work in process account
- ▶ **Finished goods account**
- ▶ Merchandise account

Question No: 7 (Marks: 1) - Please choose one

Which of the following assets are shown at written down value in balance sheet?

- ▶ Current assets
- ▶ Liquid assets
- ▶ Floating assets
- ▶ **Fixed assets**

Question No: 8 (Marks: 1) - Please choose one

Which of the following asset is **NOT** depreciated?

- ▶ Factory Buildings
- ▶ Office Equipment
- ▶ Plant & Machinery
- ▶ **Land**

Question No: 9 (Marks: 1) - Please choose one

The main goal of Bank Reconciliation Statement is to determine:

- ▶ **If the discrepancy is due to error rather than timing**
- ▶ If the discrepancy is due to timing rather than error
- ▶ If the discrepancy is due to error rather than amount
- ▶ If the discrepancy is due to amount rather than timing

Question No: 10 (Marks: 1) - Please choose one

Sale proceeds of goods are an example of:

- ▶ Revenue expense
- ▶ Capital expense
- ▶ Capital receipt
- ▶ **Revenue receipt**

Question No: 11 (Marks: 1) - Please choose one

Which one of the following is **NOT** true about revenue expenditure?

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- ▶ They improve the financial position of the business
- ▶ They reduce the profit of the concern
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Question No: 12 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
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Third purchase	20 units @ Rs. 13 per unit

Eighty units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- ▶ Rs.260
- ▶ Rs.232
- ▶ Rs.284
- ▶ **Rs.320**

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Consider the following inventory record:

Date	Item	Quantity	Cost/Unit Rs.	Total Rs.
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80 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- ▶ Rs. 1,225
- ▶ Rs. 1,015
- ▶ Rs. 965
- ▶ **Rs. 905**

Question No: 14 (Marks: 1) - Please choose one

If, Cost of machine = Rs.400, 000

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Rate of depreciation= 40%

The book value of machine after one years using diminishing balance method is ?

- ▶ Rs.86, 400
- ▶ Rs. 1, 44,000
- ▶ **Rs. 2, 40,000**
- ▶ Rs. 51,840

Question No: 15 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	?

- ▶ **Rs.25, 000**
- ▶ Rs. 75,000
- ▶ Rs. 15,000
- ▶ Rs. 1, 00,000

Question No: 16 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Written down value of asset on 5 th year	Rs.75,000
profit or loss on disposal of fixed assets	?

- ▶ **Rs.25, 000 loss**
- ▶ Rs. 75,000 loss
- ▶ Rs. 15,000 profit
- ▶ Rs. 1, 00,000 profit

Question No: 17 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for the each year	Rs. 5,000
Sale price after 5 years	Rs.15,000
Written Down Value of Asset on 5 th year	Rs. 75,000
Profit or loss on disposal of fixed asset	?

- ▶ **Rs. 60,000 loss**
- ▶ Rs. 75,000 profit
- ▶ Rs. 25,000 loss
- ▶ Rs. 1, 00,000 profit

100% sure Question No: 1 (Marks: 1) - Please choose one(chapter # 30)

Debenture is also named as:

- ▶ Share
- ▶ Bond
- ▶ Equity
- ▶ **Reserve**

Question No: 2 (Marks: 1) - Please choose one

What types of changes (is) are made at the admission of partner in partnership?

- ▶ Assets of old business will be revalued
- ▶ Liabilities of old business will be revalued
- ▶ Good will of business will be revalued
- ▶ **All of the given options**

Question No: 3 (Marks: 1) - Please choose one

The balance sheet reported a beginning balance of Rs. 20,000 in Accounts Receivable and an ending balance of Rs. 15,000. Credit Sales of Rs. 200,000 were made during the year. Using this information, compute cash collected from customers.

- ▶ Rs. 215,000
- ▶ **Rs. 195,000**
- ▶ Rs. 200,000
- ▶ Rs. 205,000

Question No: 4 (Marks: 1) - Please choose one

In cash flow statements, which of the following would appear as an inflow of cash?

- ▶ The repayments of a bank loan
- ▶ Dividend issue in the current year
- ▶ **Money received as result of selling fixed assets**
- ▶ The difference between the valuations of old and new fixed assets

Question No: 5 (Marks: 1) - Please choose one

Which of the following is **NOT** a cash inflow?

- ▶ **Purchase of fixed asset**
- ▶ Sale of fixed asset
- ▶ Issue of debentures
- ▶ Cash from business operation

Question No: 6 (Marks: 1) - Please choose one

What are the effects on financial statements, if Rs. 6,000 transfer to general reserve is given in adjustment?

- ▶ It will be treated in Income Statement only
- ▶ It will be treated as current liability in balance sheet only
- ▶ It will be treated in profit and loss appropriation account only

► **it will be treated in both profit and loss appropriation account and in the balance sheet**

Question No: 7 (Marks: 1) - Please choose one

Which of the following is the most important document of the company?

- Memorandum of Association
- Articles of Association
- Prospectus
- **Annual Report**

Question No: 8 (Marks: 1) - Please choose one

Which of the following document(s) define the relation of company with outside world?

- Memorandum of Association
- Articles of Association
- **Prospectus**
- Statutory Declaration

Question No: 9 (Marks: 1) - Please choose one

The income statement of the Limited company is also known as:

- Manufacturing account
- **Profit and Loss account**
- Profit and Loss Appropriation account
- Current Account

Question No: 10 (Marks: 1) - Please choose one

In which of the following auditor's remuneration payable is shown?

- In balance sheet under the head of current liabilities only
- In balance sheet under the head of current assets only
- In income statement under the administrative expense only
- **In both balance sheet under the head of current liabilities and income statement under the administrative expense**

Question No: 11 (Marks: 1) - Please choose one

The charter of a company which defines the limitations and powers of the company is called:

- The memorandum of association
- **Articles of association**
- Statutory report
- Certificate of commencement

Question No: 12 (Marks: 1) - Please choose one

Which of the following represents the partnership agreement in writing?

- ▶ Partnership registration
- ▶ Partnership-at-will
- ▶ **Partnership deed**
- ▶ Partnership certification

Question No: 13 (Marks: 1) - Please choose one

Which of the following represents the relationship between persons who have agreed to share the profit of business carried on by all or any of them acting for all?

- ▶ Sole-ownership
- ▶ Private limited company
- ▶ Public limited company
- ▶ **Partnership**

Question No: 14 (Marks: 1) - Please choose one

Which of the following statement is **TRUE** about the Accounts receivable?

- ▶ **Accounts receivable arises when a company buys goods or services from another party on credit**
- ▶ Accounts receivable is a miscellaneous category that may include loans to employees
- ▶ **Accounts receivable are more formal than notes receivable**
- ▶ Accounts receivable are often called trade receivables

Question No: 15 (Marks: 1) - Please choose one

Which one of the following is **TRUE** about provisions?

- ▶ It is necessary to prepare for showing true picture of balance sheet
- ▶ It is a reduction from assets
- ▶ It is prepared for specific purposes
- ▶ **All of the given options**

Question No: 16 (Marks: 1) - Please choose one

Which financial statement show what a business owes at a particular point in time?

- ▶ A cash flow statement
- ▶ The bank statement for the business
- ▶ **A balance sheet**
- ▶ A statement of retained earnings

Question No: 17 (Marks: 1) - Please choose one

Which of the following is an example of operating expense?

- ▶ **Purchasing operating equipment**
- ▶ Purchasing cleaning services
- ▶ Purchasing an investment in another company
- ▶ Purchasing a computer for the accounting office

Question No: 18 (Marks: 1) - Please choose one

Short-term investments include all of the following **EXCEPT**:

- ▶ A bond receivable intended to be sold within one year
- ▶ Frequently traded securities
- ▶ A stock investment in the General Electric Company intended to be sold within one year

▶ **A shares investment in the Coca-Cola Company intended to be held for several years**

Question No: 19 (Marks: 1) - Please choose one

The figure of cash received from debtors can be located either from cash book or:

▶ **Debtor's Control Account**

- ▶ Balance Sheet
- ▶ Profit & Loss Account
- ▶ Bills Payable Account

Question No: 20 (Marks: 1) - Please choose one

Following information are extracted from books of Mr. XYZ

Particulars	Rs.
Closing value of stock	40,000
Write off Bad debts (given in adjustments)	2,400
Sundry Debtors (given in trial balance)	33,200
Provision is created on Debtors at 10%	

Identify the Total amount deducted from Sundry debtors.

- ▶ Rs. 460
- ▶ **Rs. 2,400**
- ▶ Rs. 3,080
- ▶ Rs. 5,480

Question No: 21 (Marks: 1) - Please choose one

Consider the following data and identify the amount which will be deducted from Sundry Debtors in Balance Sheet.

Particulars	Rs.
Bad debts (from trial balance)	1,600
Provision for doubtful debts (old)	2,000
Current year's provision (new)	1,000

- ▶ Rs. 600
- ▶ Rs. 1,000
- ▶ Rs. 2,000
- ▶ **Rs. 2,600**

Question No: 22 (Marks: 1) - Please choose one

Which of the following entry will be recorded, if a cheque deposited is dishonored by bank?

- ▶ Bank Account (Dr.) and Debtor's Account (Cr.)
- ▶ Debtor's Account (Dr.) and Bank Account (Cr.)
- ▶ **Dishonored Cheque Account (Dr.) and Bank Account (Cr.)**
- ▶ Creditor's Account (Dr.) and Bank Account (Cr.)

Question No: 23 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of an amount Rs.200 received from Mr."P" wrongly credited to Mr."Q's" account?

- ▶ **Both of Mr. P's & Mr.Q's Account**
- ▶ Only Cash Account
- ▶ Only P's account
- ▶ Only Q's account

Question No: 24 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of sales Rs.100 to Mr. "A" recorded in the purchases book?

- ▶ Sales account
- ▶ Purchase account
- ▶ A's account and Sales account
- ▶ **Sales account, purchase account and A's account**

100%sure Question No: 25 (Marks: 1) - Please choose one(chapter # 28)

"Goods sold to Mr. Salman for Rs. 6,000 have been forgotten to enter in books of accounts", is an example of:

- ▶ Error of principle
- ▶ **Error of omission**
- ▶ Error of commission
- ▶ Error of original entry

100%sure Question No: 26 (Marks: 1) - Please choose one(chapter # 28)

Transaction that has been completely forgotten to enter is called:

- ▶ Error of principle
- ▶ **Error of omission**
- ▶ Error of commission
- ▶ Error of original entry

Question No: 27 (Marks: 1) - Please choose one

Which of the following is (are) included in Creditors Control Account?

- ▶ Discount received from supplier
- ▶ Credit purchases
- ▶ Bills payable
- ▶ **All of the given options**

Question No: 28 (Marks: 1) - Please choose one

Which of the following is **NOT** included in Debtors Control Account?

- ▶ **Cash sales**
- ▶ Credit sales
- ▶ Bills receivable
- ▶ Discount allowed

Question No: 29 (Marks: 1) - Please choose one

Which of the following subsidiary book(s) is (are) maintained for debtors control account?

- ▶ Sales Day Book
- ▶ Sales Return
- ▶ **Debtors Ledger**
- ▶ All of the given options

Question No: 30 (Marks: 1) - Please choose one

Which of the following is **NOT** based on the concept of double entry book keeping system?

- ▶ Subsidiary Ledgers
- ▶ Creditors Control Accounts
- ▶ Debtors Control Accounts
- ▶ **All of the given options**

Question No: 31 (Marks: 1) - Please choose one

Which of the following entry will be recorded when the Bad Debts are recovered?

- ▶ Cash account (Dr.) & Bad Debts recovered account (Cr.)
- ▶ **Accounts Receivable account (Dr.) & Bad Debts recovered account (Cr.)**
- ▶ Bad debts recovered account (Dr.) and Profit & Loss account (Cr.)
- ▶ Provision for doubtful debts account (Dr.) & Cash account (Cr.)

Question No: 32 (Marks: 1) - Please choose one

In which of the following condition(s) **DEBT** is regarded as **BAD**.

- ▶ Bankruptcy of the debtor
- ▶ Disappearance of debtor's business
- ▶ Failure of repeated attempt to collect the debt
- ▶ **All of the given options**

Question No: 33 (Marks: 1) - Please choose one

Which of the following is **CORRECT** for Doubtful Debt?

- ▶ It is shown in balance sheet
- ▶ It is a definite loss to the business
- ▶ **It is not shown in balance sheet**
- ▶ No provision is necessary for it

Question No: 34 (Marks: 1) - Please choose one

The following balance and discrepancies were found on 31 March 2008:

Particulars	Rs.
Cash book balance (Dr)	5 000
Unpresented cheques	1 000
Uncredited cheques	500

The Bank Statement balance on 31 March 2008 should be:

- ▶ Rs. 5 500 (Dr)
- ▶ Rs. 5 500 (Cr)
- ▶ Rs. 4 500 (Dr)
- ▶ **Rs. 4 500 (Cr)**

Question No: 35 (Marks: 1) - Please choose one

A Bank Reconciliation Statement is prepared to:

- ▶ **Ascertain that the difference between the Cash Book balance and the Bank Statement balance has been accounted for**
- ▶ Correct errors in the Cash Book or errors in the Bank Statement
- ▶ Amend the balance of the Bank Statement of the firm
- ▶ Amend the balance in the Cash Book of the firm

Question No: 36 (Marks: 1) - Please choose one

Which of the following is **CORRECT** regarding depreciation?

► It is a systematic allocation of depreciable amount of an asset over its estimated useful life

- It refers to the end life of an asset
- It refers to the increase in value of asset
- It is another name of Impairment

Question No: 37 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs.1, 00, 000
Debtors	Rs.10, 000
Other Assets	Rs. 1,000
Owner's equity	Rs. 1, 000

- Rs. 12,000 liabilities
- Rs. 11,000 liabilities
- Rs. 1, 10,000 liabilities
- **Rs. 1, 11,000 liabilities**

Question No: 38 (Marks: 1) - Please choose one

Which of the following essentials will be shown in the format of Cash Book?

- (1) Ledger code
- (2) Amount of Receipt
- (3) Amount of payment

- (1) only
- (1) & (2) only
- (1) & (3) only
- **(1), (2) & (3)**

Question No: 39 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- Rs.260
- Rs.232
- Rs.284

► **Rs.320**

Question No: 40 (Marks: 1) - Please choose one

In cost of goods sold statement, the 'cost of material consumed' is equal to:

► **Opening raw material inventory + Purchases – Ending raw material inventory**

- Opening raw material inventory - Purchases + Ending raw material inventory
- Ending raw material inventory + Opening raw material inventory - Purchases
- Ending raw material inventory + Opening raw material inventory + Purchases

Question No: 41 (Marks: 1) - Please choose one

Following are the inventories of Manufacturing Concern **EXCEPT**:

- Raw material
- Work in process
- Finished goods

► **Merchandise inventory**

Question No: 42 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for "Capital"?

- Liability
- **Owner's net worth**
- Working capital
- Asset

Question No: 43 (Marks: 1) - Please choose one

In which of the following condition a company will have positive working capital?

- If current assets > current liabilities
- If current Assets < current Liabilities
- **If current assets = current liabilities**
- If current assets \leq current liabilities

Question No: 44 (Marks: 1) - Please choose one

If salaries expense is Rs. 2,500, purchases are Rs. 16,000 and rent (office building) is Rs. 300 during the year, what would be the total of "general & administrative expenses"?

- Rs. 300
- Rs. 2,500
- **Rs. 2,800**

▶ Rs.18, 800

Question No: 45 (Marks: 1) - Please choose one

The amount brought by the proprietor in the business should be credited to:

- ▶ Cash account
- ▶ **Capital account**
- ▶ Drawings account
- ▶ Proprietor account

Question No: 46 (Marks: 1) - Please choose one

An asset on the balance sheet which is expected to be sold or used within one year is known as:

- ▶ Tangible asset
- ▶ **Current asset**
- ▶ Fixed asset
- ▶ Long term asset

Question No: 47 (Marks: 1) - Please choose one

Which one of the following is a type of General Ledger?

- ▶ Book of original entry
- ▶ **'T' Account**
- ▶ Source document
- ▶ Day book

Question No: 48 (Marks: 1) - Please choose one

According to the double entry system of book keeping, the investment of Rs.10, 000 in the business made by the owner will effect:

- ▶ **Cash & Capital Account**
- ▶ Cash & Expense Account
- ▶ Capital & Revenue Account
- ▶ Capital & Expense Account

Question No: 49 (Marks: 1) - Please choose one

Mr. "A" sold goods for Rs. 3, 00,000 to Mr. "B", Rs. 3, 00,000 will be treated as _____ for business.

- ▶ **Revenue**
- ▶ Net profit
- ▶ Gross profit
- ▶ Operating profit

Question No: 50 (Marks: 1) - Please choose one

when income exceeds expenses in a specific time period is known as:

- ▶ Savings
- ▶ **Net profit**
- ▶ Gross profit
- ▶ Operating profit

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